National Foreign Assessment Center

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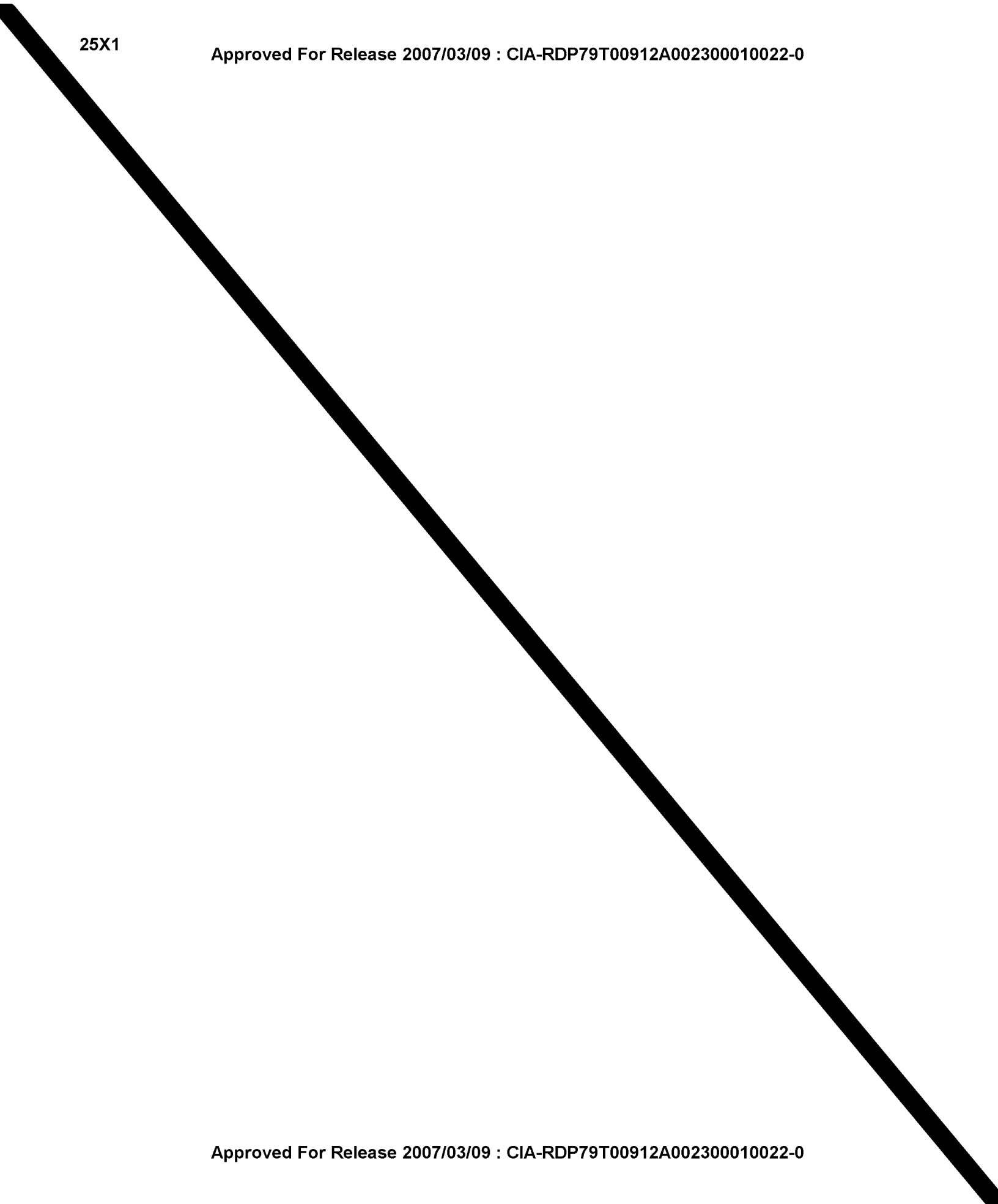
International Issues Review

31 October 1978



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INTERNATIONAL ISSUES REVIEW

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INTERNATIONAL ORGANIZATIONS

The 1979 WARC will be the first international radio conference in 20 years to review and revise regulations governing allocation and use of all radio frequencies. This article presents a preliminary analysis of efforts of the nonaligned movement to develop coordinated positions for the WARC. Almost certainly these positions will contain elements not in the US interest. 25X1

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LDC POSITIONS ON THE COMMON FUND

Discussions on the creation of an UNCTAD Common Fund for commodities, which have been under way in one form or another since early 1976, have taken on a more vigorous search for consensus since formal negotiations collapsed in November 1977. The developing country caucus--the Group of 77--has actively lobbied for more rapid progress, and a resumption of negotiations is now scheduled for 14-27 November, again in Geneva.

The following article is based on the main conclusions of a longer research paper written in anticipation of the scheduled negotiations.* In addition to a detailed discussion of the central issues that will be talking points at the November meeting, the longer paper provides comprehensive coverage of the basic positions of 34 key LDC principals on this facet of North-South relations.

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The atmosphere surrounding the discussions on the creation of a Common Fund designed primarily to stabilize the prices of key LDC commodity exports has changed appreciably since the last open negotiations collapsed in November 1977. Energetic behind-the-scenes diplomacy by the UNCTAD secretariat and the support of the developed countries announced at the Bonn summit have already imparted an air of expectancy to the scheduled resumption in November of the North-South talks. There is now a broad sense--most notable among the interested LDCs and the West Europeans--that agreement may be imminent on several major aspects of the Common Fund.

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There has, nonetheless, been little change in the respective parties' negotiating positions since 1977. The diversity of the LDCs' national interests, articulated positions, and basic understandings of the scope and objectives of the Common Fund thus persists as a formidable complicating factor to an agreement:

-- Although a core of about a dozen of the 34 countries reviewed in the cited study is willing to prevent substantial drift away from the original G-77 demands, the rest hold views that range from willingness to negotiate, through essential disinterest, to flat opposition to the G-77 demands.

-- A few countries--Argentina, Brazil, and Saudi Arabia, for example--have no interest in creating a Common Fund and have, until now, apparently assumed that the United States and other developed countries would shoulder the responsibility for killing the whole package at no political cost to this group of LDCs.

-- As in other areas of the North-South dialogue, there is a fundamental lack of understanding of key issues and a lack of adequate preparation of delegations for the Geneva meetings, especially among the poorer LDCs for whom the Common Fund was (ostensibly) most intended.

Beneath this diversity of national perceptions, however, is a broad recognition that the issue of increased resource transfers to--and within--the Third World is at the heart of most LDCs' concern:

-- Although varied opinions on creating a so-called second window (to support the development of LDC commodity production/marketing capabilities) are likely to provide most of the corridor gossip among LDC representatives, the most fundamental differences among the G-77 membership have to do with the financial resources and structure of the Common Fund.

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-- Of least concern to individual LDCs at the moment are arrangements for voting and managing the Common Fund once it is established. (Some LDCs are anxious however, lest such provisions impinge on the authority of existing international commodity agreements.)

While none of this suggests that the LDCs are unconcerned with their role in directing the international economic system, there can be little doubt that they have--for the moment--focused their attention on creating the Common Fund as yet another channel for access to financial support from developed countries.

No matter how the economic interests of individual developing countries or the merits of the Common Fund itself are evaluated, ample allowance must be made for the fact that the LDCs attach great importance to the symbolic value of a new international institution and will maintain bloc solidarity to this end. Some LDCs--Algeria, India, Nigeria, and Venezuela, for example--will lend support to the original G-77 position because it enhances their prestige at little or no immediate cost. A few--some Latin American and Arab OPEC LDCs--will reluctantly acquiesce because they believe it will elicit support from G-77 members in other arenas of the North-South dialogue. Finally, a number of other LDCs will go along without ever having really understood or considered the significance of the new institution.

Many economists, businessmen, development advisers, and commodity specialists in both the developed countries and the LDCs strongly doubt that a Common Fund of the scale suggested could achieve the stated stabilization objectives. They believe instead that the desired benefits to the LDCs' balance of payments can be achieved more efficiently through existing mechanisms. Beyond this, they are concerned that the new mechanism will do little to meet the real needs of the LDCs, will add somewhat to global inflation, and may (in some instances) transfer resources from the poor to the rich.

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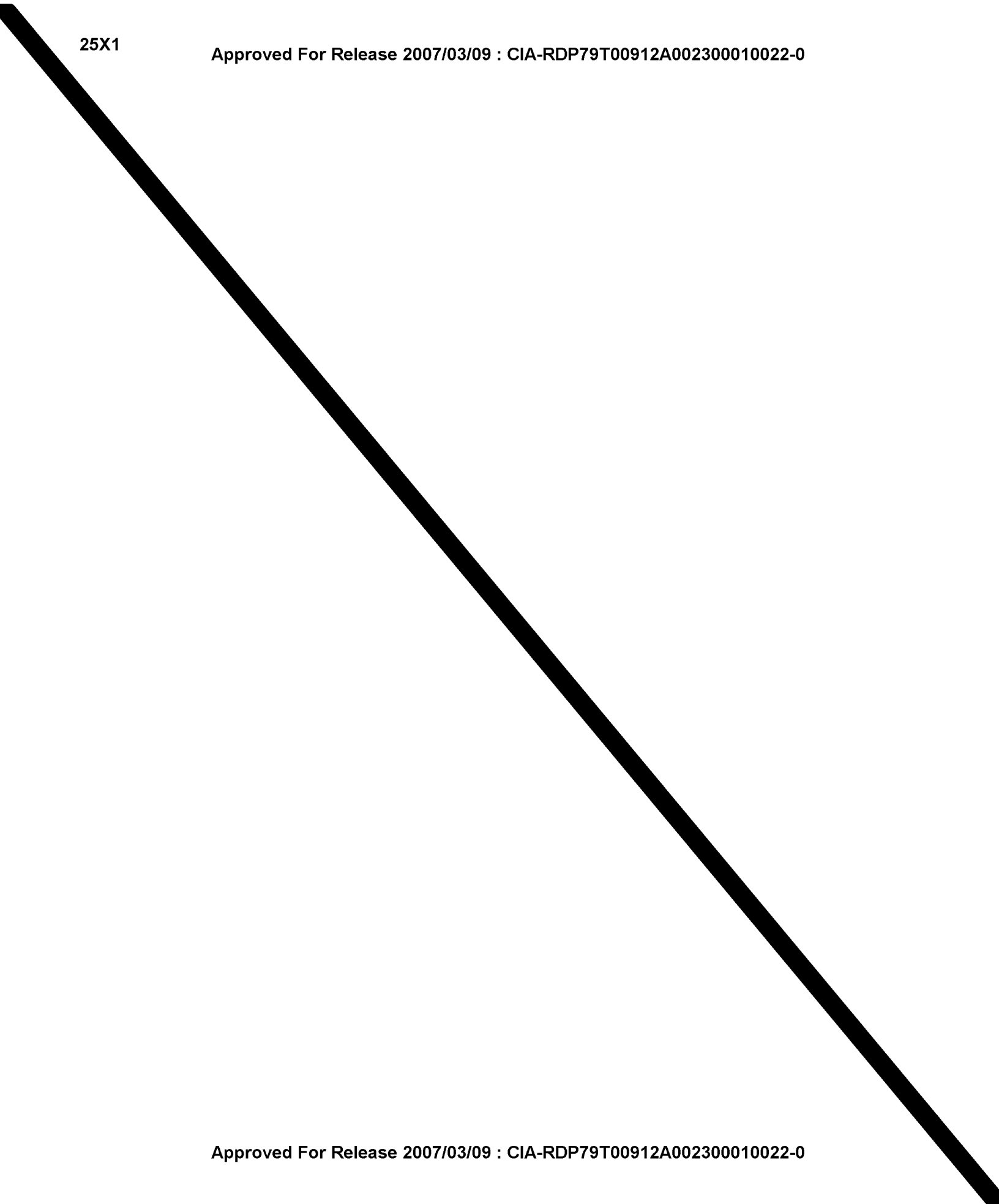

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Transfer of Dual Purpose Technology to LDCs: Some Grounds for Concern

One of the main goals of developing countries as they seek to modernize is to lessen their dependence on the industrialized states for the technological underpinnings of modernization. These technologies are largely acquired from abroad in the initial stages, but the ultimate goal is to develop the capability to create new technologies at home.

As they modernize, the developing countries will inevitably acquire some technologies that can be used for both civilian and military purposes. These so-called dual purpose technologies will significantly increase the capabilities of some LDCs to frustrate US foreign policy objectives in the years ahead. In particular, it seems likely that a number of emerging regional or "second order" powers, such as Brazil, Argentina, Iran, Israel, Taiwan, South Korea, India, and South Africa, will be able to obtain and exploit these technologies to pursue goals divergent from or even inimical to those of the US. While the dangers of dual purpose technology are most evident in the nuclear power/nuclear weapons area, this article examines other areas of growing concern resulting from the potential of dual purpose technology for:

-- Creating armament industries that produce for domestic and export markets.

-- Enhancing local military capabilities and multiplying possibilities for armed intervention in neighboring countries.

-- Expanding the ability of authoritarian regimes to suppress human rights.

-- Creating new opportunities for international terrorist groups to gain access to more sophisticated weapons.

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The Problem

The problem of dual technologies--defining their essential character, monitoring their transfer, and assessing their consequences--will clearly require considerable research in the years ahead. Even so, some tentative conclusions as to the impact of the rapidly increasing dissemination of dual technologies on foreign policy can be drawn from presently available examples of LDC acquisition, adaptation, and exploitation of technologies that are susceptible to both civilian and military use. These technologies include sophisticated machine tools, integrated circuit production facilities, inertial guidance systems, diagnostic test equipment, encryption technology, advanced telemetry and telecommunications equipment, specialty steel production technology, some welding technologies, and advanced information processing systems.

These technologies clearly have a variety of civilian uses as countries attempt to expand their ability to produce industrial goods and to improve their communications and transportation systems. Acquisition of these technologies also has direct implications, however, for US foreign policy goals of restraining nuclear proliferation, reducing the volume of world traffic in conventional arms, controlling international terrorism, and encouraging respect for basic human rights. For example, information processing equipment (such as computers and photo-identity systems) and sophisticated law enforcement hardware (such as surveillance and lie detection equipment) can be used to repress legitimate political dissent. Cryptographic, telecommunications, and sophisticated miniaturized military equipment (such as TOW-type missiles, man-portable antiaircraft missiles, and new explosive devices) may become increasingly available to terrorist groups through patron state support or by theft as they are produced and marketed by more nations.

Arms Industries

As these technologies are used to improve the ability of LDCs to manufacture arms, their potential for complicating US foreign policy objectives will be of particular

concern. The development of domestic arms industries by key developing countries may, for example, complicate the United States' ability to contribute to the stability of troubled regions, to advance democratic values, and to influence the international arms market.

There are countries that already have or are quickly developing the capability to manufacture and export arms in almost every geographic region. Iran, while buying complete advanced weapons systems, has also begun laying the foundations of technological self-sufficiency in arms and nuclear energy. Israel, South Korea, India, and Yugoslavia are already producing and, in some cases, exporting significant quantities of their own arms. Brazil, in particular, is aggressively pursuing the acquisition of foreign technologies, especially in the areas of aeronautics, nuclear energy, and in arms production.

The Case of Brazil: A Leading Arms Supplier in the 1980s

Brasilia is actively pursuing a strategy of foreign technology acquisition as a route to great power status. Its goals are technological sophistication, self-sufficiency, and a role as a technological innovator in every industrial sector that contributes to national power. One consequence of this policy has been the creation of an arms industry that is increasingly export oriented.

Brazil is gaining the reputation as the foremost supplier of conventional weapons among the LDCs and is actively seeking new markets around the world. The Brazilians are now focusing on Latin America, the Middle East, and North Africa, but they evidently have plans to penetrate markets in the Far East, southern Europe, and South Asia.

The Brazilian arms industry originates in the government's desire to free the country's defense effort, as much as possible, from dependence on foreign suppliers. Brazil's emergence as an exporter of weapons is an outgrowth of the attempt to realize the economies of scale possible from large production operations. The foreign exchange earnings and balance-of-payments benefits are also attractive. Although the current volume of Brazilian conventional arms exports is still relatively small on a world scale, it is growing rapidly. [redacted] 25X1

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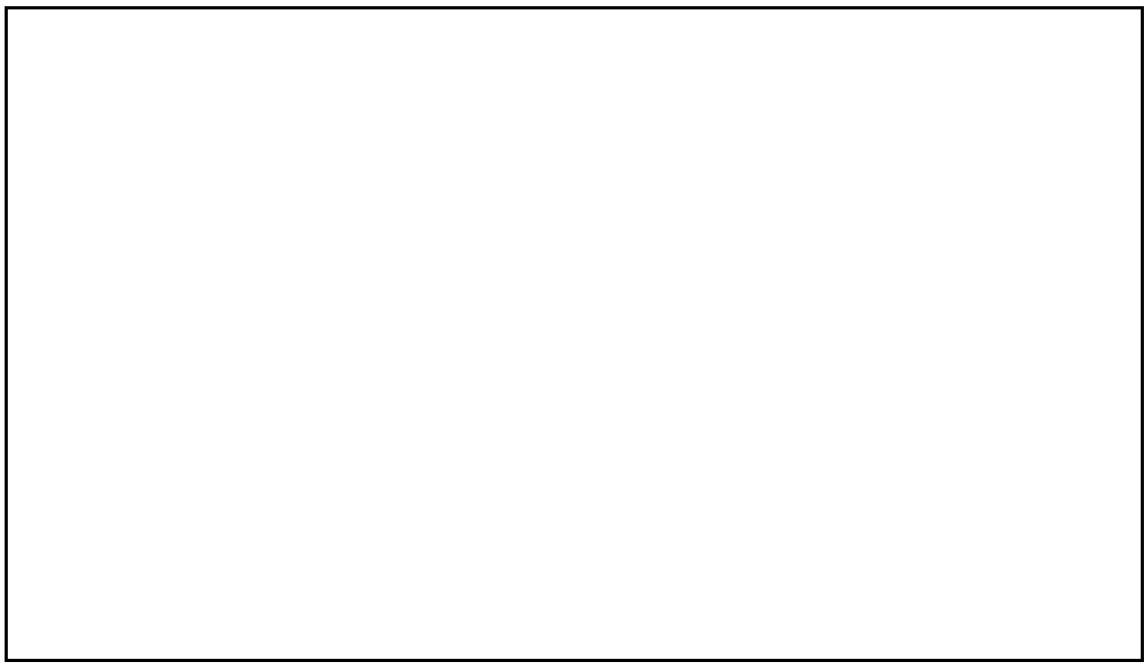

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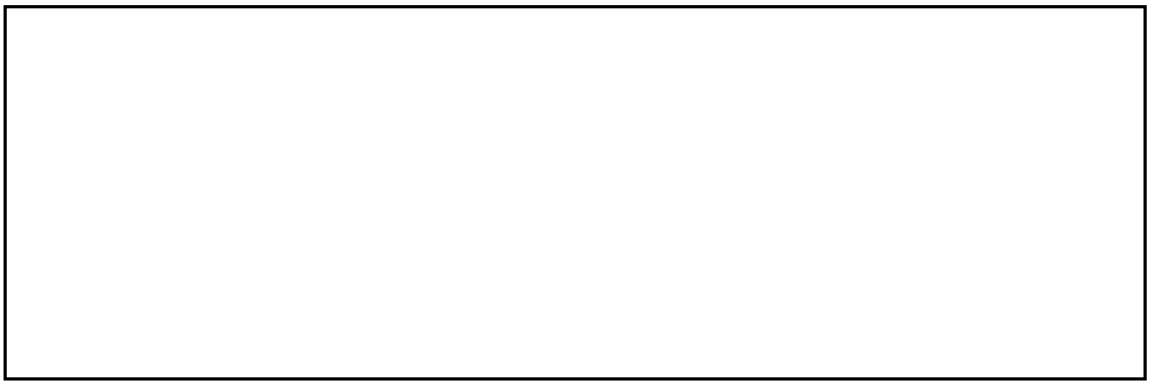
Brazil's success in becoming an arms supplier stems in part from its ability to acquire and exploit foreign technology. The Brazilians have a history of technological cooperation with the West Europeans that has helped to lay the foundation for an indigenous armaments industry. For example, the Zavante jet fighter-trainer is basically the Italian Aermacchi MB 326 produced under license by EMBRAER (Empresa Brasileria de Aeronautica S.A.). Brazil continues to seek West European cooperation so that it can reach a position of technological sophistication and self-sufficiency more quickly. The West Europeans, for their part, are eager to obtain a foothold through coproduction arrangements in what they see as some of the most lucrative arms markets in the Third World. In some cases



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arms can be produced more cheaply in Brazil because of lower labor costs. Moreover, export restrictions that would pertain if the arms were produced in Western Europe can often be avoided. Among the West European firms seeking involvement in the Brazilian armaments industry are Klauss Maffei--producer of the Leopard tank, Krupp (NAK), MTU, Rheinmetal, Messerschmitt-Bolkow-Blohm, and Zeiss (all of West Germany); Oto Melara and Berreta (Italy); Fabrique Nationale Herstal (Belgium); Aerospatiale (France); and Vosper and Sparrow (Great Britain).

Other Countries

Other developing countries have similarly sought to gain a greater or lesser measure of independence in arms production through the exploitation of foreign technologies. India, for example, is striving to become as self-sufficient as possible in arms production. New Delhi currently produces small arms, artillery, tanks, some electronic warfare equipment, several types of aircraft, and some naval ships. Significant amounts of sophisticated weaponry, raw materials, and components used in production, however, must still be imported. Yugoslavia, which claims to produce 80 percent of its own arms requirements, is developing a jet fighter that will use a US jet engine. In addition, the Yugoslavs have been collaborating for several years with a Swedish firm in producing a laser range finder for T54 and T55 tanks under an arrangement that apparently seeks economies of scale through exports to nonaligned countries. South Korea, producing small arms for its own use, will have the potential to become a significant exporter once it masters the technology to produce heavier and more sophisticated weaponry. Iran, whose narrow industrial base has so far limited arms production, has sought coproduction agreements and is slowly creating the human and technical infrastructure necessary for expanding its own arms industry. Israel's domestic arms production capabilities and its attempts to expand exports of weapons, including aircraft, missiles, and small arms, are well known.

Outlook

A growing number of LDCs, especially the rapidly industrializing, middle income, regional leaders, will be seeking dual purpose technologies in order to enhance

their strength, economic position, and status. In many cases they will seek to create armaments industries that--because of the small size of domestic requirements and balance-of-payment problems--will be export oriented. These developments will make regional and international conventional arms control harder to achieve, perhaps upset regional arms balances, and permit some LDC regimes to suppress human rights more efficiently and with fewer worries about external constraints, especially in the area of arms procurement. Some dual purpose technologies may even be used directly to violate human rights or to assist international terrorist movements.

Any attempt to control the transfer of dual purpose technologies will run into a number of obstacles. The foremost problem will be the inherent difficulty in identifying dual purpose technologies, which are, by their nature, ambiguous with regard to their end use. With certain obvious exceptions, it will be difficult to single out and segregate dual purpose technologies that are demonstrably dangerous enough to justify export controls. Second, the number of technologies that may potentially serve dual purposes, especially if the definition is broad enough to cover arms, other military uses, and human rights and terrorist abuses, is so large that cutting back on their sales to developing nations could significantly hurt US exports and retard LDC development. Third, the number of alternate suppliers is large. Convincing enough of them to join in an international effort to restrain the global trade of these technologies is likely to be very difficult since the adverse economic impact of reduced exports would be even greater on other countries than on the US. Moreover, experience with international trade controls in other areas--nuclear technology, strategic materials and hardware (COCOM), and conventional arms--has not been encouraging. These controls have been successful only when the nature of a common threat has been clear, the specific forbidden technologies have been easy to identify, and the number and kinds of technology involved have been limited.

A further problem will be the availability of alternative or indigenously produced technologies that may vitiate the effect of foreign embargoes. Indeed, any attempts to deny dual purpose technologies to the LDCs will probably stimulate them to attain self-sufficiency

in these areas, resulting in a further loss of control by outsiders. Finally, merely raising the issue of restricting the transfer of dual purpose technologies to LDCs is likely to provoke protests that will complicate US efforts to reach cooperative international solutions for a variety of North-South issues. Many LDCs could react with accusations that restraints on dual purpose technology transfers would frustrate their economic and technological development. The LDCs would claim that such efforts arise from the paternalistic attitudes of the industrialized states, and that they serve primarily the political, military, and economic interests of developed countries. These LDCs might become less inclined, therefore, to be cooperative in attempts to deal with other issues involving technology transfers, such as nuclear proliferation, deep seabed mining, communications problems, and overall cooperation in science and technology.

Efforts to slow down or even monitor the flow of dual purpose technologies to developing nations will have to deal with most of these problems. In some cases it may prove possible to stretch out the transfer of some technologies without incurring unacceptable political or economic costs. This may be an effective tactic in cases when the timing of a technical advance by a developing country has a direct impact on its ability to use the technology to create foreign policy problems for the US. In other cases the potential backlash from possession of a dual purpose technology will not occur or will be significantly attenuated because the country cannot absorb the technology or convert it easily to military use.

In many other cases, however, it will probably prove impossible or prohibitively costly to prevent the transfer. Where this happens, success in limiting the undesirable foreign exploitation of technology (from the US viewpoint) is more likely to be achieved by attempting to ameliorate the underlying causes of international conflict than by attempting to control the export of technical knowledge.

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Preliminary Assessment of Foreign Preparations for the 1979 World Administrative Radio Conference*

The 1979 World Administrative Radio Conference (WARC)--held under the auspices of the International Telecommunications Union (ITU)--will be the first international radio conference in 20 years to review and revise international regulations governing the management and allocation of frequencies across the entire radio spectrum. By directly affecting the use and allocation of these frequencies, WARC will have a major impact on US and worldwide telecommunications--both civil and military, domestic and international--for the next 20 years.

This article presents a preliminary analysis of the efforts of the 86-member nonaligned movement to develop joint positions for the 1979 WARC and for related preparatory sessions of the ITU. The nonaligned nations are especially important because they constitute a majority of the ITU membership and are striving to develop a unified position. We conclude that:

-- The less developed countries probably will strongly oppose many of the established positions and interests of the US and other developed countries, including the Soviet bloc, on such issues as regulation and frequency allocation.

-- The nonaligned nations are likely to succeed in their efforts to present new positions at both the ITU's October 1978 special preparatory meeting for the 1979 WARC and at the WARC meeting itself. Led by Yugoslavia, India, and Algeria, the nonaligned nations appear to be most concerned with regulatory

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issues, broadcasting allocations and procedures in the medium wave and long wave bands, and the use of satellites for voice and television broadcasting.

-- Those issues likely to face the strongest opposition from the nonaligned are flexible coordination and regulatory procedures, and proposed changes in short wave allocations that would impinge upon the heavy use of fixed short wave services by the less developed countries.

-- The placing of technical limits on short wave broadcasting and the expansion of frequency allocations for the fixed, maritime, and earth environmental satellite services appear to have wide international support. These issues are likely to be settled in general accord with US interests.

* * *

Historically, the international allocation and regulation of the radio spectrum have been largely technical matters in which most nations have cooperated effectively. Within the past decade, however, active and coordinated participation by less developed countries in the ITU has resulted in increasing politicization of many issues, posing major problems for the developed world. The United States, as a major worldwide user of the radio spectrum, is especially affected. The current activities of the 86-member nonaligned movement are focused specifically on the 1979 WARC and are likely to result in a coordinated position that contains elements not in the United States' interest.

Preparations for WARC by the Nonaligned Countries

Preparation of a joint position for the 1979 WARC has been one of the stated intentions of the Nonaligned Broadcasting Organization (NBO) since its first meeting in Sarajevo, Yugoslavia in October 1977. These and other efforts by the nonaligned countries appear to have resulted in some 30 technical papers--most reportedly prepared by

Yugoslavia and India--that are to be presented at the WARC special preparatory meeting (SPM) scheduled for 23 October - 17 November 1978. A group of experts from the nonaligned countries, charged with the drafting of joint position papers for the 1979 WARC, met from 9 to 14 October in Lusaka, Zambia. The meeting was to include discussion of the papers that had been prepared for the SPM.

At a July 1978 meeting in Belgrade, the nonaligned Foreign Ministers endorsed the preparation of joint positions for the 1979 WARC and for related conferences by the NBO and called for support from member governments. The fact that technical papers reportedly have been prepared for submission to the SPM suggests that the NBO members may have coordinated their efforts with their official national representatives to the ITU.

Telecommunications Interests and Positions of the Nonaligned

The general views of the nonaligned nations regarding the regulation of the radio spectrum are well known. They hold that frequencies are a limited natural resource belonging to all countries and that they must be fairly allocated. They are particularly critical of the "first come, first served" principle by which they contend developed countries have dominated the air waves. Fundamentally, they seek to ensure adequate allocations for their own development and to oppose what they perceive as a developed country monopoly of communications and broadcasting--a monopoly of technology, spectrum allocations, and the preparation or distribution of radio and television programs.

It is possible that the nonaligned states have formulated allocation proposals that would reallocate frequencies from developed to developing nations rather than among various radio services. Their rhetoric has consistently focused on developed country hegemony in the frequency domain. Conflicts among themselves--such as those between countries with large high frequency fixed service needs and those with high frequency broadcasting aspirations--have not been evident.

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The general positions of the nonaligned regarding frequency allocations are given below by frequency band. Detailed information on the precise proposals of the nonaligned is not available, but demands for other changes in frequency allocation are not only possible but probable.

-- Long waves: Broadcast allocations outside of Europe are desired.

-- Medium waves: 1) Increased frequency allocations are desired, and 2) interference from European high-powered transmitters in North African and Middle East broadcasting is of concern.

-- Short waves: 1) Retention of exclusive use of a portion of this band for broadcasting in the tropics is desired, and 2) use of a portion of this band for satellite applications by developed countries may be opposed.

-- Satellite allocations: 1) The allocations of satellite frequencies for communications and broadcasting applications should continue to be on an equal basis between developed and developing nations, 2) a frequency allocation in the vicinity of 1 GHz for direct sound broadcasting from satellites is desired, and 3) the study of problems of accommodating satellites in the 12 GHz band and the study of problems in the linkage of satellites for program exchange purposes are of interest.

Historically the developing countries have attempted to solve telecommunications problems by using current technology and the political power their solidarity provides. At the 1977 ITU broadcasting satellite conference, for example, they succeeded in having broadcast satellite channels allocated to nations unlikely to have use for them for many years. These allocations were made on the basis of current technology, thus creating conflicts over the allocation of communications channels--conflicts that might be alleviated by future technological progress. There is no evidence to indicate that the nonaligned have

made any effort to take into account future technology advances as a way of solving their problems. Nor is there evidence that they are concerned about the increasingly crowded spectrum certain to result both from their own development and from that of the developed countries, or that they will attempt to introduce or encourage spectrum conserving technology. [redacted] 25X1

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